

**SINGLE AUDIT REPORT OF  
CITY OF CHARLESTON, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**SINGLE AUDIT REPORT OF  
CITY OF CHARLESTON, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code, Chapter Six, Article Nine.

**CITY OF CHARLESTON, WEST VIRGINIA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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*Single Audit Reporting Package*

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# ***AUDITOR'S REPORTS***

# State of West Virginia

Glen B. Gainer III  
State Auditor and  
Chief Inspector

Stuart T. Stickel, CPA  
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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Council  
City of Charleston  
Charleston, WV 25301

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon, dated December 22, 2009. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Charleston Sanitary Board and the Charleston Urban Renewal Authority as described in our report on the City of Charleston, West Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Municipality's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting and are identified as items 2009-1 and 2009-2.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Municipality's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

  
Glen B. Garner III  
West Virginia State Auditor

December 22, 2009



# State of West Virginia

Glen B. Gainer III  
State Auditor and  
Chief Inspector

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Honorable Mayor and Council  
City of Charleston  
Charleston, WV 25301

### Compliance

We have audited the compliance of the City of Charleston, West Virginia (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### **Internal Control Over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

*A material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the City of Charleston, West Virginia of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2009, and have issued our report thereon dated December 22, 2009. Our audit was performed for the purpose of forming our opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, others within the organization, City Council, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Glen B. Gainer III  
West Virginia State Auditor

***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
<b>U. S. Department of Housing and Urban Development</b>			
Direct programs:			
<u>Program Title</u>			
Community Development Block Grants/Entitlement Grants	14.218		\$ 2,136,484
Emergency Shelter Grants Program	14.231		221,600
Supportive Housing Program	14.235		191,923
HOME Investment Partnerships Program	14.239		1,055,263
Homelessness Prevention and Rapid Re-Housing Program	14.257		<u>4,025</u>
<b>Total U. S. Department of Housing and Urban Development</b>			<u>3,609,295</u>
<b>U. S. Department of Justice</b>			
Pass-through Programs From:			
West Virginia Department of Criminal Justice Services			
<u>Program Title</u>			
Crime Victim Assistance	16.575	08-VA-16	28,135
Edward Byrne Memorial Formula Grant Program	16.579	08-PPT-TF-13	103,498
	16.579	08-JAG-09	41,974
	16.579	07-JAG-30	50,809
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-OJ-BX-1748	90,967
	16.738	2006-OJ-BX-0669	2,028
	16.738	2007-DJ-BX-0636	18,963
	16.738	2008-DJ-BX-0670	14,454
Crime Victim Assistance/Discretionary Grants	16.582	09-54-063	4,651
Violence Against Women Formula Grants	16.588	07-VAW-020	60,862
Public Safety Partnership and Community Policing Grants	16.710	2007-CK-WX-0236	101,027
	16.710	2006-CK-WX-0495	107,215
	16.710	2008-CK-WX-0110	116,336
Anti-Gang Initiative	16.744	08-PSN-02	9,582
	16.744	07-AG-01	<u>31,961</u>
<b>Total U. S. Department of Justice</b>			<u>782,462</u>

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
<b>U.S. Department of Transportation</b>			
Pass-through Programs From:			
West Virginia Department of Transportation			
<u>Program Title</u>			
Highway Planning and Construction	20.205	TCSP-WV03(001)	\$ 72,484
	20.205	TEA-OQ22(001)E	164,703
State and Community Highway Safety	20.600	F09HS-08	260,902
	20.600	F08HS-08	88,555
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	F07-COPS-02	104,500
<b>Total U.S. Department of Transportation</b>			<u>691,145</u>
<b>U.S. Environmental Protection Agency</b>			
Direct programs:			
<u>Program Title</u>			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		46,029
<b>Total U.S. Environmental Protection Agency</b>			<u>46,029</u>
<b>U.S. Department of Energy</b>			
Pass-through Programs From:			
West Virginia Development Office			
<u>Program Title</u>			
State Energy Program	81.041	09-141	13,826
<b>Total U.S. Department of Energy</b>			<u>13,826</u>
<b>U.S. Department of Homeland Security</b>			
Pass-through Programs From:			
West Virginia Office of Emergency Services			
<u>Program Title</u>			
Hazard Mitigation Grant	97.039	FEMA-1474-DR-WV	10,561
Homeland Security Grant Program	97.067	N/A	16,579
Emergency Management Performance Grants	97.042	N/A	82,649
<b>Total U.S. Department of Homeland Security</b>			<u>109,789</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 5,252,545</u>

The accompanying notes are an integral part of this schedule.

**CITY OF CHARLESTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2009**

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**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 - LOANS OUTSTANDING**

The City had the following loan balances outstanding at June 30, 2009. These loan balances outstanding are also included as federal expenditures presented in this schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 1,578,733
HOME Investment Partnerships Program	14.239	\$ 3,390,233

**NOTE 3 - SUB RECIPIENT DISBURSEMENTS**

Of the federal expenditures presented in the schedule, the City provided federal awards to sub recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Edward Byrne Memorial Formula Grant Program	16.579	\$ 196,282
Violence Against Women Formula Grants	16.588	\$ 60,862
Public Safety Partnership and Community Policing Grants	16.710	\$ 324,578
State and Community Highway Safety	20.600	\$ 349,457
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	\$ 104,500

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2009**

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**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal Control over Financial Reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified that are not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to the financial statements noted?	<u>No</u>

**Federal Awards**

Internal Control over Major Programs:

Material weakness identified?	<u>No</u>
Significant deficiency identified that is not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with § 510(a) of Circular A-133?	<u>No</u>

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants/Entitlement Grants
14.239	HOME Investment Partnerships Program
16.710	Public Safety Partnership and Community Policing Grants
20.600	State and Community Highway Safety

Dollar threshold used to distinguish between Type A and Type B Program:	<u>\$ 300,000</u>
Auditee qualify as a low-risk auditee?	<u>Yes</u>

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2009**

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**Section II -Financial Statement Findings**

**Timely Deposits**

**2009 - 1**

**CONDITION:**

It was determined during this examination that officials failed to insure that all moneys collected were deposited into the City treasury in a timely manner. Specifically, in some instances, business and occupational tax revenues were not deposited within three days of being collected.

**CRITERIA:**

In order to properly safeguard cash and reconcile deposits in a timely manner, internal control guidelines stipulate that deposits should be made in a timely manner.

**CAUSE:**

Controls were not in place to insure that all moneys collected were deposited into the City treasury in a timely manner.

**EFFECT:**

There is a greater risk of loss related to this asset and the potential exists for inaccuracies in the accounting records occurring and not being detected in a timely manner.

**RECOMMENDATION:**

Adequate controls should be implemented and exercised to insure all moneys collected are secured until deposited and that deposits be made on a daily basis.

**AUDITED AGENCY'S RESPONSE:**

See pages 10 and 11.



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December 16, 2009

Michael Turley, Audit Manager  
West Virginia State Auditor's Office  
State Capitol Building 1, Room W-100  
Charleston, WV 25305

**Re: Response to Audit Findings**

Dear Mike:

Thank you for the opportunity to respond to the results of your recent testing of the City Collector's Office cash receipts for the period July 01, 2008 through June 30, 2009. It is our understanding you identified 183 receipts processed on August 11, 2008 and 170 receipts processed on November 5, 2008 that were not deposited with the City Treasurer within three days of receipt. If our understanding is incorrect, please let us know.

It is always our intentions to ensure all payments are processed and deposited with the City Treasurer within three days of receipt in accordance with our policies and procedures. The dates in question occurred during the 2<sup>nd</sup> and 3<sup>rd</sup> quarter processing of Business & Occupation ("B&O") Tax and City Service Fee ("CSF") returns. At the end of each tax and fee quarter, we have approximately 7,000 B&O Tax and 3,700 CSF returns to process, with only three employees responsible for payment processing.

During the periods in question, one of our Cashiers was off on extended medical leave (July 17, 2008 through January 2, 2009), which left only two employees available for processing payments. In addition, of these two available employees, one was newly hired in July and was not fully trained and accustomed to the work load during quarter end periods. All receipts that may not have been deposited with the City Treasurer within three days of receipt during the dates in question were fully secured and locked in our vault for safekeeping purposes.

Subsequent to your audit period, we implemented a lockbox solution with a local bank in order to receive and process payments for B&O Tax and CSF returns. Generally, any payment received by the lockbox is deposited with the City Treasurer by the next business day. The lockbox will ensure all receipts are deposited with the City Treasurer within the established guidelines in our policies and procedures manual.

If you have any questions, or if you would like to discuss further, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'C.B. Thompson', with a long horizontal line extending to the right.

Charles B. Thompson  
City Collector

cc: Joseph C. Estep, Director of Finance – City of Charleston  
Brenda Lemmon, City Controller – City of Charleston

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2009**

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**Section II -Financial Statement Findings**

**Uncollateralized Deposits**

**2009 - 2**

**CONDITION:**

It was determined during this examination that the City of Charleston's Policemen's Pension and Relief Fund failed to require their depositories to adequately collateralize all deposits which were in excess of the amount insured.

**CRITERIA:**

All deposits in excess of insured limits should be collateralized.

**CAUSE:**

The Policemen's Pension and Relief Fund officials failed to establish a policy requiring all depositories to provide collateralization for all funds in excess of coverage limits.

**EFFECT:**

In the event of bank failure, the City could incur large cash losses.

**RECOMMENDATION:**

The officials of the Policemen's Pension and Relief Fund should establish and exercise proper controls to ensure deposits are fully insured. If amounts held on deposit are in excess of depository insurance, the financial institution should be required to provide collateralization.

**AUDITED AGENCY'S RESPONSE:**

The Policemen's Pension and Relief Fund Board should establish a policy requiring all depositories to provide collateralization for all funds in excess of coverage limits. The Board plans to address this issue at their January 2010 meeting and take the appropriate measures to ensure all funds will be collateralized in the future.

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2009**

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**Section III - Federal Award Findings and Questioned Costs**

There were no findings related to Federal Programs.

***CORRECTIVE ACTION PLAN***

**CITY OF CHARLESTON, WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
For the Fiscal Year Ended June 30, 2009**

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There were no findings at the federal program level; therefore, no corrective action plan is necessary.

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***

**CITY OF CHARLESTON, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2009**

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Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2008 - 1	Expenditures in Excess of Amounts Allocated in the Levy Estimate - General Fund	Resolved
2008 - 2	Depository Controls	Resolved
2008 - 3	Venue Settlements	Resolved

# State of West Virginia

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## MANAGEMENT LETTER

Honorable Mayor and Council  
City of Charleston  
Charleston, West Virginia 25301

In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of the City of Charleston, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 22, 2009.

*Government Auditing Standards* also require that we describe the scope of our testing of compliance with laws and regulations and internal control over financial reporting and report any irregularities, illegal acts, other material noncompliance and reportable conditions in internal control, related to major federal financial assistance programs. We have issued the required report dated December 22, 2009, for the year ended June 30, 2009.

We are also submitting for your consideration the following comments that are opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. These comments reflect matters that, while in our opinion do not represent material instances of noncompliance or reportable internal control conditions, we believe represent matters for which improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations suggested below. However, these comments reflect our continuing desire to assist your government. We have already discussed many of these comments and suggestions with management and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. If you have any questions, please do not hesitate to contact us.

### Suggestions For Improving Operations

#### Refuse and Fire Fee Receivable Delinquency

It was noted that approximately \$2,191,722 of the total refuse and fire fees receivable for the City of Charleston were delinquent 60 days and over.

#### Recommendation

The City of Charleston should review its policies and procedures concerning delinquent accounts and consider a more aggressive approach to collection of these accounts. Furthermore, these accounts should be analyzed to determine which are truly uncollectible and, in turn, written off as bad debts. This will reduce the allowance account to a more reasonable amount.

#### Credit Card Payments

The Civic Center operating fund does not have the ability to process credit card payments for rental fees associated with meetings, conferences, and for catering services. Credit card payments are processed through the ticket agency fund accounts on behalf of the operating fund. A check is then written from the ticket agency fund to the operating fund for the amount charged to the customer's credit card.

#### Recommendation

The Civic Center operating fund should have the capability to process credit card payments. The acquisition of a credit card machine for the operating account would streamline operations and eliminate duplication of work and the potential misstatement of financial activity within the ticket agency fund.

#### Investment Policies for the Spring Hill Cemetery Fund

The City maintains a separate investment portfolio for the Spring Hill Cemetery fund. These funds are governed by a separate Board. The monitoring of the actual investment portfolio; however, is the responsibility of the contracted investment broker. With the implementation of Governmental Accounting Standards Board (GASB) Statement 40, the reporting requirements for investments mandate additional information be disclosed that includes assessments of credit, interest rate, custodial credit, and foreign currency risks the plan may be exposed to as described in the statement. Without proper investment monitoring, the investment portfolio may be unnecessarily exposed to these risks which could lead to potential losses.

#### Recommendation

The Board should adopt formal policies to address the risks that could potentially be associated with the investments for the Spring Hill Cemetery Fund. The investment portfolio should be monitored by a person other than the contracted investment broker to avoid unnecessary risks and to comply with the provisions GASB Statement Number 40.

Remittance of Hotel/Motel Tax to Convention and Visitor's Bureau

It was noted that there were not sufficient internal controls in place to ensure all monies due the Charleston Convention and Visitor's Bureau (the Bureau) were remitted during the fiscal year. Specifically, the payment for the collections received in September 2008 was never remitted to the Bureau.

Recommendation

The City should establish internal controls to ensure all remittances due to the Bureau are paid in a timely manner.

Business Licenses

During our testing, it was determined that the City did not aggressively pursue collections from all businesses operating within its corporate limits that failed to obtain a valid business license from the City. Specifically, as long as a business was current with their Business and Occupation Tax, the City did not undertake collection procedures if that business was not in possession of a valid municipal business license.

Recommendation

The City should establish internal controls to ensure any and all businesses operating within its corporate limits obtain a valid business license.

These comments are intended for the Council members, management, grantor agencies and federal awarding agencies, and are not intended to be and should not be used by anyone other than these specified parties.

In closing, on behalf of the audit staff, we appreciate the opportunity to present these comments and recommendations for your consideration. We would like to thank management for its hospitality, cooperation, positive attitude and openness to suggestion.

Respectfully submitted,



Glen B. Gainer III  
West Virginia State Auditor

December 22, 2009